



HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND MICROECONOMIC REFORM

Reference: Inquiry into federal road funding

HALLS CREEK

Thursday, 17 April 1997

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON COMMUNICATIONS, TRANSPORT AND
MICROECONOMIC REFORM

Members:

Mr Vaile (Chair)

Mr Peter Morris (Deputy Chair)

Mr Albanese	Mr McDougall
Mr Ross Cameron	Mr Neville
Mrs Crosio	Mr Randall
Mr Hardgrave	Mr Tanner
Mr Lindsay	Mr Wakelin
Mr McArthur	Mr Willis

The Commonwealth, under its roads program, provides funds to the States and Territories for the National Highway and Roads of National Importance. The Committee is asked to:

1. Review the Commonwealth role in road funding and identify the most effective means of fulfilling that role;
2. Assess the adequacy and extent of the National Highway as currently declared in meeting the objective of providing a national road system that meets the needs of industry and the community;
3. Assess the level of funding required to adequately fulfil the Commonwealth role. This should take into account the current condition of the asset, depreciation and maintenance requirements, as well as new investment required to meet demand growth, changes in technology (especially increased weight limits for heavy vehicles) and community expectations of road standards;
4. Examine whether current administrative arrangements have an adequate performance focus, promote effective and efficient use of funds and adoption by States and Territories of best practice, and provide an effective Commonwealth/State interface; and
5. Assess the scope to supplement Government funding through innovative arrangements for private sector involvement in the provision and maintenance of roads infrastructure and the scope for pricing of road services to reflect full resource costs.

In undertaking this review the Committee is to take into account the National Commission of Audit principles of clarifying the roles and responsibilities of Governments with the overriding objective of improving the outcome to clients and achieving value for money for the taxpayer.

WITNESSES

FARRER, Mrs Josephine, Shire President, Shire of Halls Creek, PO Box 21, Halls Creek, Western Australia 6770	355
MOLLOY, Mr Christopher William, Acting Chief Executive Officer, Shire of Halls Creek, PO Box 21, Halls Creek, Western Australia 6770	355
MURRAY, Mr Frederick Andrew, Human Resources Superintendent, Otter Gold NL, GPO Box 4800, Darwin, Northern Territory 0801	375
WILLIAMSON, Mr Brad, Assistant Director, Kimberley Development Commission, PO Box 620, Kununurra, Western Australia 6743	365

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Present

Mr Vaile (Chair)

Mr Lindsay

Mr Peter Morris

Mr McArthur

Mr Neville

Mr McDougall

Mr Randall

The committee met at 1.41 p.m.

Mr Vaile took the chair.

CHAIR—I declare open this public hearing of the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform inquiry into federal road funding. Today is part of the committee's 12-day program of hearings and inspections covering all states and territories. For those living in remote areas, access to transport is vital. The committee gained an appreciation of some of these problems today from its inspection of the Tanami Road and narrow bridges on the Great Northern Highway. The monsoonal climate also places additional demands on the roads, especially from flooding. The committee is interested to hear how such problems may be overcome. I should emphasise at this point that, in addressing the terms of reference, the inquiry should not be seen as a forum for advocating the funding of specific road projects. The committee is investigating the underlying principles for funding Australia's national road system.

On behalf of the committee, I welcome everyone appearing before the committee today, particularly representatives from the Halls Creek council. Before proceeding, I wish to advise all witnesses that, although the committee does not require evidence to be given under oath, committee hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as contempt of the parliament.

FARRER, Mrs Josephine, Shire President, Shire of Halls Creek, PO Box 21, Halls Creek, Western Australia 6770

MOLLOY, Mr Christopher William, Acting Chief Executive Officer, Shire of Halls Creek, PO Box 21, Halls Creek, Western Australia 6770

CHAIR—The shire has submitted a submission to the inquiry. Would you like to make an opening statement?

Mrs Farrer—Yes. The Tanami Road is used quite extensively for all sorts of reasons. The road itself is about 314 kilometres long and the shire looks after that. It maintains the road in the condition it can work with. The road is used to cater for tourists who travel to Wolfe Creek Crater, which is one of the major tourist attractions within our shire. It is a link for the Defence Force when they are in the desert and doing a lot of training and travelling in that area. It is also used as an access route for the Aboriginal communities in the desert region. During the wet season it is used quite a lot, especially for ceremonial gatherings and traditional purposes where we have a lot of Aboriginal people coming from the Central Australian area to Western Australia and down to the Pilbara. It is an access for carting bulk fuel to the Tanami goldmine.

During the wet season, the road is usually closed for up to three months at a time. Usually, when that happens, you have to fly food, fuel and whatever other necessities are required to some of the pastoral stations and communities out there, which then increases the charges on air freight. It is vital that the Tanami Road be upgraded to a reasonable or standard condition.

CHAIR—Mr Molloy, did you want to make a comment? As far as the Tanami Road is concerned, what designation does it have? Is that still a local road?

Mr Molloy—Yes.

CHAIR—It is still considered a local road, so it is entirely the responsibility of the shire council?

Mr Molloy—Yes.

CHAIR—Your council maintains it out to the NT border?

Mr Molloy—Yes.

CHAIR—And what about on the other side of the NT border? What happens there?

Mr Molloy—The Northern Territory works and services maintain it, I presume.

CHAIR—Is it in a designated local government area once it goes into the Northern Territory?

Mr Molloy—I do not think they have got too many local governments in the Northern Territory; I am not sure. It all comes under their works and services, as far as I know.

CHAIR—Has your council done any strategic planning or costings of getting the condition of the road to the standard that you would perceive as being acceptable, to achieve the goals that the president has just outlined?

Mr Molloy—No, the council has not. But the Kimberley Development Commission are doing what they call a roads 2020 study, and the standard was more or less gone into in that.

CHAIR—Councillor Farrer, you are not talking in terms of upgrading the road to a bitumen seal, but upgrading it basically to an all-weather condition?

Mrs Farrer—More so to build up to an all-weather road.

CHAIR—Is that going to entail many bridge structures as well?

Mr Molloy—It would entail bridges—well, culverts and creek crossings.

CHAIR—With regard to the current structure of untied road funding grants to local government bodies, is your council happy with the system that operates at the moment?

Mr Molloy—Yes.

CHAIR—You get some road funding grants coming from the state and some from the Commonwealth. Do you find the criteria used to establish the figures satisfactory for the area?

Mr Molloy—For our area, yes.

Mr LINDSAY—Councillor Farrer, in your submission to the committee you said that your priority is for the construction of all-weather crossings across some of the low-flow areas. Is the reason that construction does not go ahead simply that your council does not have the funds to do that? Is that why you don't do it?

Mrs Farrer—Yes.

Mr LINDSAY—What sort of a gross annual budget does your council have?

Mr Molloy—About \$3.2 million.

Mr LINDSAY—Do you get any kind of rate income from people along the Tanami Road?

Mr Molloy—Yes. There are two or three cattle stations there which are rateable; the Aboriginal communities are not, but the cattle stations are.

Mr LINDSAY—When you say 'the Aboriginal communities are not'—we will come back to roads in a moment—is there some kind of legal or practical reason for that?

Mr Molloy—Most of them are on crown land, and crown land is not rateable.

Mr LINDSAY—Do the Aboriginal communities say to your council, ‘It is really a priority of ours that it should be an all-weather road,’ or do they not worry about it?

Mr Molloy—They worry about it a lot.

CHAIR—I know that it would be a moveable number, but what sort of population are we talking about? What sort of numbers of Aboriginal people are serviced by the Tanami road?

Mr Molloy—Probably between 1,000 and 1,500; the exact figure is pretty mobile.

Mr LINDSAY—To make it an all-weather road to the border, what would be an indicative cost?

Mr Molloy—You are looking at about \$50 million, I would say.

Mr LINDSAY—Fifty million!

Mr Molloy—Yes; that is why, as I said before, we have not gone into it because it is just beyond our capabilities.

Mr LINDSAY—But wouldn’t you say that to do something about Sturt Creek—the way we saw it this morning—would be the priority of priorities? Would it just be a concrete causeway that would be needed?

Mr Molloy—A low level crossing, yes. You would have to build up a couple of kilometres either side.

Mr LINDSAY—Do you know the value of that?

Mr Molloy—No. We would have to alter the road, that is the thing.

Mr LINDSAY—Coming back to the national scene now, do you think the federal government should be responsible for identifying a road like Tanami as a road that does have a national significance to attempt to get some upgrading through there or do you think it is nothing to do with the Commonwealth at all?

Mr Molloy—As I said in the submission, it is needed as a defence road. It is a strategic defence road.

Mr RANDALL—Just to take Mr Lindsay’s point a little bit further, we have talked about an all-weather road—that is the ideal—but my impression on the tour this morning was that you are closed down for at least, on average, three months a year. We have heard evidence from the Tanami goldmine that it costs them something in the vicinity of over \$6 million for that close-down.

It was alluded to me that you could handle being closed down for one month of the year which could

be acceptable to the Aboriginal communities, the mining and the supply route. I was of the understanding that to bring it up to that situation it would not cost the figure you said, that it would cost substantially less to fix up certain bridges and wash-outs. Can you give me a rough figure on that?

Mr Molloy—No, I am sorry. You would need a—

Mr RANDALL—But would it be less?

Mr Molloy—Less than \$50 million?

Mr RANDALL—Yes.

Mr Molloy—Yes. The \$50 million figure that I put on it was for the whole road.

CHAIR—Just to give you an idea, the Kimberley Development Commission's submission indicates it is probably going to be in the order of \$23 million.

Mr RANDALL—That was what I was heading towards because I had heard that it was closer to \$20 million than \$50 million.

CHAIR—But unless you have done the work it is hard to guesstimate.

Mr RANDALL—I am not trying to bail Mr Molloy up. I am just basically trying to get a figure for what it would cost to have that open for another two months of the year. That is one point that I just wanted to establish.

You have already mentioned the Tanami road in terms of strategic infrastructure for Australia, but we have also heard that the average vehicle movements on that road are 12 a day. Do you think that is sufficient to spend the sort of money we are talking about and, if you did, do you think as a road of national significance it would be used far more? There are a couple of questions there.

Mr Molloy—The average daily traffic figure there is 36 a day and that is for nine months of the year because it is closed down for three months. That would go up if it was open for another three months of the year because it is taken over the average annual daily traffic. I don't know, but I have heard it could be classed as a defence link.

Mr RANDALL—If other interests were involved, including, as a strategy, the federal government wishing to try and encourage where it could the upgrade of the Tanami Road, the state government through Main Roads and other interested parties—maybe the mines in terms of private funds—would the local council also be willing to endeavour to do what it could in terms of putting more resources into the Tanami Road?

Mr Molloy—Where the resources would come from, I don't really know. We cannot put any more into it. We are spending in the order of half a million dollars on it this year. Over the last five years we spent \$2.2 million.

Mr RANDALL—Could you repeat that?

Mr Molloy—We spent \$2.2 million over the last five years.

Mr McDOUGALL—Can I take probably the same subject in a different direction? It has been put to us that there would be a great economic advantage to take a road from Halls Creek through to Tennant Creek. That would open up this area through to the Barkly Highway and to north-eastern Queensland, offering some strong social and economic advantages in the process and taking out the big loop that goes up round the top. Has the Western Australian government consulted with you or have you heard from the Northern Territory government about such a proposal? Do you feel, if that were to be looked at as a major road in the future, it would have a significant economic advantage to this part of Western Australia?

Mr Molloy—No to the two governments' consulting, but yes to your third question.

Mr McDOUGALL—To your knowledge, has there been any economic evaluation done in regard to that question?

Mr Molloy—No, not to my knowledge.

Mr McDOUGALL—Obviously, when we look at road construction and road maintenance in the future, we would be less than honest if we did not say that, probably, the three levels of government have not got enough money to finance what we would ideally like to see, given the population base and the road network that we have not only here but right across Australia. Have you had any discussions with the private sector, which has the potential to get economic advantage out of such road development and, maybe, future mining opportunities, or future pastoral opportunities? If they had such a major link, do you feel that it would be fair to ask the private sector to make a contribution to such a road development?

Mr Molloy—You come up with some good ones, don't you? We have not had any consultation because most of it out there is new anyhow—the economic part of it like the mining exploration and all those sort of things. So I have not really gone into them and I would sooner the Otter mines submission do that because we have not had—

Mr McDOUGALL—Have not?

Mr Molloy—No.

Mr McDOUGALL—Do you feel it would be fair, though, that they should make a contribution? They cannot hang you for the answer.

Mr Molloy—I know. I think it is fair for anybody to make a contribution. I was just trying to work out how to answer it. It depends on the size of their operation. If they are contributing to the economics of the country, I think the country should help, too.

Mr NEVILLE—We have heard in the Northern Territory and Queensland about training programs for

Aboriginal employees that might increase their skills and, at the same time, deliver a better road system. What has your experience been here? Do you have training programs for Aboriginal plant operators and the like? What is your view on that?

Mr Molloy—Most of our operators that work for the shire are Aboriginal, anyhow. We offer to train them and we offer to put them in our camps when we are out in the bush. There is a college in Port Hedland—Pundulmurra—that has plant operator training courses.

Mr NEVILLE—And do some of the young fellows come back from there to Halls Creek or do they tend to go further afield?

Mr Molloy—I do not know where they go—probably out to their communities. But we are contracting an Aboriginal corporation from Turkey Creek to do some of our road maintenance this year. They are only just starting up and we are very pleased with them.

Mr NEVILLE—You are coming to the point. I would like to hear Councillor Farrer's view on this as well. In the reality of things, there is just not enough road funding anywhere in Australia. When you take the Tanami Road where I think the maximum average number of vehicles daily—stated in one of these submissions—is about 35 vehicles of all types, it will be pretty hard to talk any government, whether it be state, federal or local, into putting in \$23 million for a road like that, just straight off the top of its head. Councillor Farrer, are there innovative ways in which the road can be upgraded, so that local employees and the community at large can get a benefit from the quality of the new road?

Mrs Farrer—Can you rephrase that for me?

Mr NEVILLE—The point I am trying to make is: in the current economic climate, the chance of getting—for any road, I am not talking about just the Tanami Road—\$23 million for a road that carries a maximum of 35 vehicles a day, is fairly remote. Is it possible that you could get some sort of innovative project going—you might perhaps use it as a training project, or the government may fund more plant and equipment—that would deliver a better quality road and provide more employment here at the same time, rather than bringing in contractors from outside or something like that?

Mrs Farrer—Firstly, I do not think that there are any projects in place for Aboriginal people in those communities out in the desert. There is not enough money given to Aboriginal communities from their sources of funding for other projects, which would enable a project such as that to be put in place by those communities. Also, a number of Aboriginal people that come in from those communities out there do not have vehicles, and their only means of transport is flying in to Halls Creek, which is, as we said, a big increase in flying. As with freight, airfares are pretty costly. They have their own airlines but, even so, I think it is something like \$300 per person per seat. With the road being as bad as it is off the Tanami and onto the communities, it is very hard to get a vehicle which would have a reasonably long life to cater for the people out there.

CHAIR—We heard from representatives of the Northern Land Council in Darwin yesterday that, in some instances, there had been CDEP programs used for road maintenance in some remote Aboriginal

communities. Has there been any experience of that in this part of Australia—in the Kimberley?

Mrs Farrer—I think the CDEP programs in the Northern Territory are a little more lenient with their funding. In Western Australia—the Kimberley is a pretty large area and, particularly with the east Kimberley, the type of money that they receive through CDEP does not stretch so far. They do not have any equipment that would enable them to maintain any of the roads onto their communities.

Mr PETER MORRIS—Isn't there a CDEP base here?

Mrs Farrer—Yes; there is a town-based community development.

Mr PETER MORRIS—What does that do? I saw that when we drove past it and I thought that they might be doing some roadworks; some of those programs do roadworks or get funding to help with roadworks. Do you know, Mr Molloy?

Mr Molloy—They have got funding for equipment here; they have got a bit of equipment.

Mr NEVILLE—Is that on the base?

Mr Molloy—Yes.

Mr PETER MORRIS—Please do not misunderstand the questions, we are not meaning to be critical. We are just looking for ways and means, something to do with all the little pots around the place. There may be some other ways of trying to help out with the problem. Can we leave that question and check on that later, would that be easier? Can we do that, Mr Chairman—just leave that question and have a check; I am sure Main Roads might know something about that as well and come back to see if they can be of any assistance?

CHAIR—Yes.

Mr PETER MORRIS—I just want to say thank you very much to all concerned this morning for the inspection of the road and the recognition of the difficulties involved. It was very well arranged. I think we have got a very good understanding of it. We certainly understand the magnitude of the problem.

We will be talking later to Mr Fred Murray about the economic benefit that comes from some of the uses. Is it fair to say, Councillor Farrer, that if the only use being made of that access road was for the communities and for tourism, we would require a lesser standard of road? You may answer if you like, Mr Molloy.

Mr Molloy—I would say, yes, because there would be less heavy vehicles on it.

Mr PETER MORRIS—There would be less width and a much lighter foundation. But the primary thing, as we understood from the inspection this morning and has been said here, is trying to maximise the all-weather access to the road and that goes to getting across the watercourses and the creeks and so on. Is

that a fair assessment?

Mr Molloy—That would be right. As was stated here earlier, the usage of it is 36 vehicles per day. If the money was spent on it, I am sure there would be a lot more vehicles per day using it.

Mr PETER MORRIS—I had that to say in a private conversation earlier until it was pointed out to me that one car equals one vehicle and one triple road train equals one vehicle. One is 1.2 tonnes and the other is 100 tonnes, but they still count only as two vehicles. I think that is correct, isn't it?

Mr Molloy—Yes.

CHAIR—Is there a breakdown analysis of that between those vehicles?

Mr PETER MORRIS—Yes, there is.

CHAIR—I have just one final question either to Councillor Farrer or Mr Molloy. I think you said the council's budget was \$3.2 million. Of that—you may have answered this already and I did not pick it up—roughly what would be spent on road construction and maintenance?

Mr Molloy—This year our budget would be around \$1.2 million.

Mr NEVILLE—Over a third of your budget goes on roads.

CHAIR—And out of that \$3.2 million, what is the rate revenue?

Mr Molloy—It is \$360,000.

CHAIR—Do you operate the power generation in Halls Creek?

Mr Molloy—No.

CHAIR—The state government does that. Have you got a reticulated sewerage system that you look after here?

Mr Molloy—No, the only—

CHAIR—Sorry?

Mr Molloy—We operate the airport.

CHAIR—Just out of interest, does it run at a profit or is it a drain on your economy?

Mr Molloy—It has only just been bituminised and that cost \$1.4 million.

CHAIR—Did the council pay for that?

Mr Molloy—No, we got a million dollar grant from the government.

CHAIR—But how much did it cost to do it?

Mr Molloy—It cost \$1.4 million.

CHAIR—So you kicked in \$400,000.

Mr Molloy—Our revenue off that airport is in the vicinity of \$26,000 a year. That is made up of interest on a grant given to us by the Commonwealth when they gave us the airport to look after.

CHAIR—If there are no further questions, I thank the witnesses very much for attending the hearing this afternoon. Thank you very much for participating and helping organise the inspections this morning. It has been of great assistance to the committee. I do not think there were any questions on notice, but if there are any further questions that committee members may come up with later on during the inquiry that we want to get back to you with, we will put them in writing to you.

[2.14 p.m.]

WILLIAMSON, Mr Brad, Assistant Director, Kimberley Development Commission, PO Box 620, Kununurra, Western Australia 6743

CHAIR—Mr Williamson, we have received your submission. Would you like to make a brief opening statement?

Mr Williamson—Yes; I have just a short statement. In addition to my written submission, I wish to provide two copies of a videotape commissioned by the Kimberley Development Commission, with the assistance of the Shire of Halls Creek. I strongly urge you and your members to have a look at it. The video runs for only five minutes and shows key problem areas of the road, and it includes interviews with Aboriginal people. Now might not be a suitable time to play it, but perhaps if you finish early I might be able to play it at the conclusion of the hearing.

No doubt, many people in remote areas have spoken to you about the needs of their area. Without wanting to discount their needs, I feel the Tanami Road is unique. The Tanami Road is a national road of strategic importance and because of this it will be of particular interest to your standing committee as it directly relates to point 2 of your terms of reference concerning the adequacy of the national highway.

Why is the Tanami Road unique? Firstly, it is an interstate road; it links the Kimberley to the Northern Territory and the southern part of Australia. This means it has strategic defence importance because if the Stuart Highway is unavailable it is the only link between the north and south of Australia and the only land link between Tindal and Curtin air bases.

Secondly, because of its strategic importance, it is particularly important for regional development. The road passes through areas of mining as well as pastoral areas. Roads are critical for economic development as shown by the relatively recent success of the Ord irrigation area. A reliable road would be a major boost for regional development.

Thirdly, the road is of great importance to the over 1,000 Aboriginal residents in the area who need the road to access health, education and community needs. Finally, the road has enormous untapped potential as a tourist road and could become one of the great outback wilderness journeys of Australia.

Before the road can be responsibly promoted, however, it needs to be upgraded. Unfortunately, the length of the road, the annual wet season and the fact that there is very little suitable road building material nearby all result in any road improvements being very expensive—well beyond the means of local government and difficult for state government to meet.

As so often happens with infrastructure in remote regions, the requirement is to show demand whilst ignoring need. The remote areas will always have difficulty in demonstrating demand for infrastructure—or in this case road use—for this is why they are remote. However, the need is great and in any case, as has been shown many times, once the infrastructure is put in place, then the demand follows. If the infrastructure was provided by the government, traffic would increase significantly. The insistence on demonstrating demand is

a good way to ensure remote areas will always be poorly serviced and locked into a dependency on government.

Some roads are of a truly strategic nature and have importance nationally. It could be argued that in such limited cases federal support is warranted as a proper investment in national infrastructure. I would suggest that the Tanami Road is such a strategic national road. Thank you for the opportunity to address the committee, Mr Chairman.

CHAIR—Thank you very much, Mr Williamson. For the information of the committee, could you just give us a brief outline of the structure and role of your organisation?

Mr Williamson—The Kimberley Development Commission is one of nine regional development commissions set up under statute by the state government. Our charter is to foster the economic and social development of the region. Very briefly, the main things we are tied up with in our office are the expansion of the Ord irrigation area—and the native title negotiations that flow out of that—and promoting the major industries which are mining, pastoral, tourism and aquaculture. We exist to try and further the economy.

CHAIR—It is basically economic development of the region and the social benefits that flow from that.

Mr Williamson—That is right.

CHAIR—Is it completely funded by the state government or do you have constituent bodies in the area that provide financial support?

Mr Williamson—It is totally funded by the state government. In the last budget, our office received \$1.29 million. That gives us a staff of about 10, a head office in Kununurra with about six people and smaller offices in Broome and Derby.

CHAIR—In your submission you indicated that there had been an analysis of the upgrading works that need to be done on the Tanami—in the order of \$23 million. Is that correct?

Mr Williamson—Yes.

CHAIR—In so doing, has the state government considered participating in that upgrading if there were another partner found?

Mr Williamson—If another partner could be found, I am sure something could be done. But at \$23 million I do not think it is very likely to happen in the foreseeable future.

Mr McDougall—You mentioned, Mr Williamson, that you felt the Tanami Road was of national strategic importance and you referred to it on the grounds of defence. You made mention of the connection between the Tindal and Derby air bases. I would be correct in saying, wouldn't I, that you have already got that through the national highway system?

Mr Williamson—Yes.

Mr McDOUGALL—What you would be implying there, I would assume, is that it would be a more direct link?

Mr Williamson—Yes.

Mr McDOUGALL—Has the Kimberley Development Commission had discussions with the Department of Defence on this issue and what has their reaction been to that?

Mr Williamson—I will give you the background to the Kimberley Development Commission's involvement in this project. We have set up a task force that met for the first time on 11 March—so it has only been going six weeks. Your committee's visit was very fortuitous. At the first meeting, on 11 March, it was suggested that I contact Defence in Canberra—which is what I will be doing—to see whether there are some opportunities there. But the answer is no, I have not contacted them yet—but I will. That is the next approach.

Mr McDOUGALL—Is there any reason, other than tourism, why you feel that the road is of strategic importance?

Mr Williamson—As a linkage between the north and the south of Australia, it certainly is of chief importance to the Aboriginal community. It is strategically important to the mining community—without proper communications and transport there is always a hindrance to regional economic development. It is a very narrow economic base in this area—particularly the Kimberleys—and without a functioning road, it is just another problem.

Mr McDOUGALL—We are talking about a low number of vehicles, but a reasonably large cost in development. I think you did say that if you put the road there, the business would flow.

Mr Williamson—Yes.

Mr McDOUGALL—What economic studies has the development commission done to give us some confidence that that comment would bear fruit?

Mr Williamson—I will address the studies in a minute. Look at the Gibb River road. The Gibb River road runs from Derby to near Wyndham. It is one of the great outback journeys of Australia. That has been promoted heavily. It now gets traffic of 175 cars a day—which is enormous for that road—because of the promotion, and it is in better condition than this one. I have put it to the tourism industry, 'Why don't we promote the Tanami and then the traffic will flow? Then we will have a better argument to say that we can justify funding.' Their response to that is, 'It is irresponsible to promote the road in its current condition. We have a duty of care as tourism operators, so therefore we will not promote it.' The experience of the Gibb River is that, as it has been promoted and upgraded, the traffic has increased. Also, the tourism operators tell me that people want a loop road. They do not like travelling up and down the same road. They could come from the south up to Darwin and we could drag them back through the Kimberleys in a different direction.

But they will not promote that—the tourism industry—in its current situation. Experience in the Gibb River is promising.

As far as studies go, there has not been a study. The Kimberley Development Commission would be reluctant to do studies that do not result in something. But, if we felt that there was an opportunity that would be worthwhile, we would certainly commission a study and undertake it. At the moment, I do not think there would be much support for that, though.

Mr McARTHUR—I wonder whether you could indicate to the committee what other road priorities you have in the region. It seems to me that there is a lot of emphasis on this Tanami track, especially having in mind the number of vehicles. I appreciate the commercial significance of some of the bigger vehicles, but would you care to give us three other roads for which the commission might be interested in receiving funding or might be interested in upgrading?

Mr Williamson—There is the Cape Leveque Road that goes from Broome up to the cape. There is the Gibb River Road that still needs some further support and the Kalumburu Road which goes off the Gibb River Road and then heads north to Kalumburu and Mitchell Falls, which is an international tourist attraction; that is another road which needs attention.

Mr McARTHUR—If you were going to put a priority on it—I know it is a very difficult question—would you still list the Tanami Road as No. 1?

Mr Williamson—It is always difficult to do priorities. I think that there is a feeling in the region that the Tanami Road does need attention, and there would be fairly strong support in the region to make it the No. 1 priority.

Mr RANDALL—Before I start, I would like to say thank you very much, in particular, for your role in assisting Main Roads and the other bodies here who have facilitated our tour to this region today. It has been very gratefully received, and we have certainly covered a lot of ground in a short period of time.

Firstly, do the Wolfe Creek Crater and the Wolfe Creek National Park have significant tourism potential?

Mr Williamson—Yes; they certainly do. The crater is an attraction of particular interest to overseas visitors, and also to Australian visitors. It certainly is not a road that is recommended for towing caravans, and it is not a road that is recommended for two-wheel-drive vehicles. It is a bit like the Bungle Bungles—you could quadruple the number of people in the Bungles if you upgraded the road that goes in there. I think you could get significantly larger numbers of people to Wolfe Creek Crater if you upgraded that road; it has enormous attraction.

Mr RANDALL—To take another angle, can I confirm with you that the Kimberley Development Commission would concur with the fact that its ultimate aim would be to see the road usable for 11 months of the year rather than the current status now; that that is all you believe you can achieve under the \$23 million?

Mr Williamson—The idea of a sealed road is fanciful, because of the cost. We would like to go from having a blocked road for four months of the year—11 months is a significant benefit. Even the national highway gets knocked out—which the other part of your group saw today—during a heavy wet season. But, yes, 11 months would be a great improvement.

Mr RANDALL—We have heard from the Northern Land Council that, in a few cases, ATSIC has put some money into certain road projects. To your knowledge, has that been done here anywhere and do you think that, given the fact that many of the Aboriginal communities are on crown land, there is an opportunity for ATSIC to look at it as part of their role?

Mr Williamson—I understand that ATSIC's ability to do that is very limited. I will investigate that further, but I have always understood that they had limited opportunity to do that here. Certainly, if they do have the resources, it is something I would pursue.

Mr RANDALL—You have talked about the national interest. Do you believe, because we are looking at this road funding inquiry from a federal perspective in terms of strategy, et cetera—you have been asked this question before, I am just taking another angle to it—that the federal government does have a strategic influence on something like the Tanami Road in the national interest?

Mr Williamson—Yes; I understand that you will be receiving approaches from many rural areas saying that their road is important. All you can do is distil it down to those which are truly interstate and which are strategic in some form; I think the Tanami fits the bill and can probably qualify for some form of federal assistance.

Mr LINDSAY—Mr Williamson, in your evidence, you have talked about the Tanami being the only link between Tindal and Curtin if the Stuart Highway were closed. But isn't there a link from Katherine to Halls Creek on the Queen Victoria Highway and the Great Northern Highway? The main road—you would need that closed as well, wouldn't you?

Mr Williamson—If the main Stuart Highway was knocked out, the only way you could get down to the southern half would be through the Tanami Road. The Buntine and the Buchanan do skirt around at the top of the Kimberley but, as far as getting south, the only option is the Canning Stock Route—which isn't really an option because it is just a track and nowhere near the Tanami Road. The only other option is the Tanami Road other than heading much further east.

Mr LINDSAY—What about the Buchanan Highway? It is called Duncan Road to the border and then Buchanan—No. 80.

Mr Williamson—I see what you mean. You mean if you come down—

Mr LINDSAY—Yes. So that is another option, isn't it?

Mr Williamson—That means that you are relying entirely on the Tanami Road.

Mr LINDSAY—You don't use the Tanami at all.

Mr Williamson—If the Stuart is unavailable—if that has been knocked out—the only other way to get south is the Tanami Road other than the Canning Stock Route.

Mr LINDSAY—How does your organisation feel about the standard of the Great Northern Highway—north and south of here?

Mr Williamson—We are very concerned about the area that you saw around Turkey Creek. As an illustration, this year we had a very significant wet and you can often get stuck there for a day or two and that means that nothing gets through—perishables do not get through. If you have got a sick kid and you live in this area and you want to get to the hospital in Kununurra you have got a major drama—there is the RFDS, of course. We are very concerned about the nation's No. 1 highway routinely being knocked out in the wet. No-one would stand for it in Perth or any other capital city. It is quite an area of concern for us.

Mr LINDSAY—So from the Ord River project, it can get knocked out towards Darwin and also south?

Mr Williamson—It can get knocked out towards Darwin and south.

Mr LINDSAY—In relation to determining priority on the Tanami, where do you think that principally lies? In your submission you talk about the Kimberley Ward of the CSCA requesting the main roads department to place a higher priority. What do you think of that mechanism going to the state government first or do you think the federal government should determine the priority?

Mr Williamson—It would be good if the federal government could provide a resource for it. Do you mean a tied grants scheme?

Mr LINDSAY—No. Which level of government should determine the priority to say, 'Tanami is a priority above other things'? Should it be state or federal?

Mr Williamson—It depends on whose money they are spending.

Mr LINDSAY—Perhaps our inquiry is looking at whether the federal government should have a long-term strategic view of what happens to roads in Australia that are of significance. It might be that it is a role of the Commonwealth—whether they have got the money or not—to identify that at some time in the future that is a priority. Do you think that it should be the state government that comes to the federal government and says, 'In our state we think this is what the priorities should be', or should the federal government be the overarching authority and go back to the state and say, 'We think the priorities should be'?

Mr Williamson—I think the local knowledge would always be superior from the states and they would rather be able to inform the Commonwealth about what the priorities are—being closer to the ground.

Mr LINDSAY—Your evidence is that the Western Australian government should determine the priority and feed that back to the Commonwealth?

Mr Williamson—Yes.

Mr McDOUGALL—I would like to ask a question on your operation as a development commission and, in particular, on the principle of economic development. We are here talking about the potential of upgrade of roads to be able to improve both social and economic development of the region. As the Ord River, and other potential mining developments, develop in the region, what would be the outcome? Would we see more exports from the region to either other parts of Australia or total exports overseas through the port of Wyndham or out through a road system? Have you got any idea of where the priorities would lie? In other words, could we go ahead and come up with a reason to build a road and then, as the economic development takes place, it starts to trundle out through Wyndham? Then where would we have gained in an economic sense in relation to road development?

Mr Williamson—The Kimberley Development Commission has done a regional transport strategy that looks at some of those issues. It does depend on the nature of the development and the nature of the crops that are grown. For example, the Ord is planned for a five times expansion of its current size and it depends very much on the nature of those crops. It is likely to be cotton and sugar which would be exported through the port of Wyndham. It depends on the nature of the expansion, on the nature of mining and on tourism. We have done some studies on that, run some scenarios and looked at those possibilities.

Mr McDOUGALL—Have you got a report that would be available for the committee to have a look at?

Mr Williamson—Unfortunately, it is in draft form at the moment but when I last rang I was told it would be finalised at the end of May.

CHAIR—Could we receive a copy of that when it is available?

Mr Williamson—Yes, no problem.

Mr NEVILLE—Mr Williamson, I found one of your comments strange. You said you wouldn't embark on an economic evaluation of tourism and industry along the Tanami Road until you had a fair chance of getting the funding—if I am paraphrasing you loosely. Surely in going to government—be it state or federal—wouldn't you agree that it is important that your commission gives a lead by saying there are some economic advantages? I just think that otherwise you are in a constant chicken and egg situation.

Mr Williamson—I take your point.

Mr NEVILLE—You are asking for \$23 million. Wouldn't you think that \$20,000 to \$50,000 on a study might be justified?

Mr Williamson—To get the support of the industry it would be useful to say there is some value in

doing this and be able to demonstrate it—that you would have an audience for it. I guess that is what I am really saying. I am not writing it off and it would be irresponsible to do that. But it would be nice to know that there would be an audience for this report and that it is not just going to sit there. Just to get some feelers for that from appropriate sources would be valuable and I would seek that first before commissioning a report, so I don't raise expectations in the region that I cannot deliver on. I certainly would find out whether it was worth doing that.

Mr NEVILLE—How would you propose—this is leading off Mr Lindsay's question—to fund that road, given that it is not recognised as a national highway nor likely to be in the near future? Are you suggesting a one-off grant from the Commonwealth or under the roads of national importance? How would you see it being funded?

Mr Williamson—Something like that would be nice. I think, ultimately, it is something that is going to need a big injection from the Commonwealth. I think it is beyond the state's and, certainly, the Northern Shire's means. It is something that could be tied in with mining company contributions perhaps. But I think that ultimately it is going to be something that has got to come from the Commonwealth. It is not going to be a toll road or a BOOT scheme—the traffic numbers will never justify that.

Mr NEVILLE—The Great Northern Highway is obviously your first priority for all funding.

Mr Williamson—Yes, it is critical to keep that highway open.

CHAIR—Thank you very much, Mr Williamson. There is one question on notice, where you undertook to provide a copy of that report as soon as it is available. It would be very much appreciated if you could send that to the secretariat, bearing in mind that this inquiry is going to continue through this year and into the report stages ready for tabling in November. I think it would be very handy and I am sure that members of the committee would be keen to have a look at it.

Mr RANDALL—Mr Williamson, I have been defending, on a regular basis, allegations that the Ord River scheme is a bit of a white elephant. Can you tell us whether that is true given the fact that if it is not, there may be a greater need for road transport?

CHAIR—You are getting off the road track a little bit, Mr Randall.

Mr RANDALL—I just wouldn't mind having that point clarified.

CHAIR—I think the witness did allude to expansion and development of the Ord River scheme in the future, underpinning the need to upgrade the Great Northern Highway. I will give Mr Williamson the opportunity to give a short answer on that.

Mr Williamson—I would certainly welcome the opportunity to clarify any misconception that the Ord River irrigation scheme is a white elephant. It certainly is not a white elephant. As an illustration of that, in the last four years the price of irrigated land has quadrupled to about \$9,000 per hectare. The reason it was perceived as a white elephant was mainly pest problems in the early days. Now the crop mix has changed

substantially and it is an interesting case study as to why it works—which is because of roads. The crops now are melons, pumpkins, mangoes—a variety of horticulture; but the melon area, particularly, has taken off. What happens is that the farmers grow these pumpkins and rockmelons out of season for the southern markets, they put them on a truck and now, with a sealed road, they can get into Melbourne and Sydney in two days. Before the sealed road, they would open up the back of the truck and the stuff would ooze out on top of you. But, now, with a proper road and air suspension on modern trucks, the product arrives in very good condition. There are some farmers doing very well out of the Ord irrigation scheme. So that has turned; the crop mix has changed, sugar has been established and is being crushed. The way the Ord turned around was through the infrastructure of the roads as much as anything else—and that is why it is taking off; the Ord is booming.

CHAIR—In road freighting that produce out of the Ord River to the southern markets, which route do they take?

Mr Williamson—They can take a number of routes. They usually go via the Territory and down.

CHAIR—Back over the Stuart Highway?

Mr Williamson—Yes; up over the Victoria Highway, down through the Territory and down to Adelaide or across—or they go down to Perth. The Kimberley road here was not sealed until—perhaps Mr Morris can help me here?

Mr PETER MORRIS—Until 20 November 1986.

Mr Williamson—Yes; so it is an illustration of infrastructure assisting regional development.

Mr PETER MORRIS—I just want to add my commendation to Mr Williamson for the work that has been done and for the submission, which is very good because it highlights all the priorities. I think it is excellent as background. My observation on all of these things and projects like this is that it has to be looked at by governments on the basis of a large development component. The task is a different task, but it is something that you have to do in the way of building Australia. I commend you for the submission you have put forward.

CHAIR—Thank you for your submission and spending the time with us today.

Mr Williamson—Thank you.

[2.43 p.m.]

MURRAY, Mr Frederick Andrew, Human Resources Superintendent, Otter Gold NL, GPO Box 4800, Darwin, Northern Territory 0801

CHAIR—The committee now calls the representative of Otter Gold Mines Ltd. Welcome, Mr Murray. Thank you for your submission and making your time available today. Would you like to make a brief opening statement?

Mr Murray—Yes, just very briefly. We operate one of the two goldmines in the central desert area that are accessed by the Tanami Road. We see this as a strategic road. Fifty metres on either side of the centre line is government road, the majority of the rest of the land around it is Aboriginal land. There is no rating on that land. We see it as a federal government responsibility to upgrade and maintain that road to a level that is able to be safely operated with the dangerous goods carted in and out of the place, and in amongst tourists and other members of the community.

CHAIR—For the benefit of the committee, could you give us a brief outline of the size of the operation, the number of people employed and the output of the mine?

Mr Murray—There are two mines in the Tanami. Our mine processes 1.2 million tonnes of gold-bearing ore a year. To do that, we have to dig about 10 million tonnes. We use about 50,000 litres of diesel a day to operate our power system and our vehicles. A road train holds about 100,000 litres, so we have a considerable amount of fuel coming in. We employ around 200 people in exploration and directly around the mining area. Of course, at present we are funding our own exploration through those efforts.

Granets Gold Mine down the road produce about three times as much gold as us. They operate with about 350 people. It is, basically, an underground mine with a reasonably long-term potential.

We have a three-year life on the present ore reserves and we are extending that as we go. I think we are ploughing about \$8 million into exploration in that area this year.

Mr RANDALL—Naturally, the only source of bulk transport would be by road and anything else, like aircraft, would be unsuitable. That would be true, wouldn't it? So your lifeline is—

Mr Murray—The lifeline, for us, is the road. When the road was out recently for a number of weeks, we ran low on diesel fuel—low to the point that we had to cease mining for 30 days and we had to stop milling operations for 17 days. That works out that, for every hour that that has stopped, and loss of production, we lose \$15,000 over those 17 days. It works out at around \$6.1 million in loss of production over that period of time.

CHAIR—Because the road was out?

Mr Murray—Because the road was out.

Mr RANDALL—Would that be similar to Granets mine?

Mr Murray—The other mine were fortunate in the fact that they had been going a bit longer and they have greater tank capacity. They were able to swap around from their various mines and slow their production down. They were very close to being on the brink.

Mr RANDALL—As a result, I want to revisit a question I asked previous people: could you exist with an average annual shutdown of one month with forward planning if the roads were brought to that standard?

Mr Murray—We would run close to the wind at that. We would fly food in. One of the problems is that if we keep up full production, we have to keep a full crew of people on. If we close down and lose our key people, they go off and get jobs because they are not going to hang around. So, you have got to rebuild your infrastructure. It is quite a serious business—even closing for a month. If people have not got annual leave and things like that, we lose them. We lose the good ones—the key people.

Mr RANDALL—For the future of this area, could you tell me if, to your knowledge, there is any prospecting going on outside of your mine and Granets and if there is any known potential for future leases—and maybe with metals other than gold?

Mr Murray—In this area, I am unsure about gold. I believe there is some exploration going on for uranium. There is definitely gold exploration going on right across the border from where we are and down south around the Lake Mackay area—all of these are serviced from the Tanami Road. I believe that there are a couple of exploration companies that are very close. Probably, at this year's exploration, they will at least be starting reasonably sized heat leach mining operations.

Mr PETER MORRIS—What do you call them?

Mr Murray—Heat leach. It is a process of extracting ore; you dump it on and you spray cyanide, et cetera, through it and collect the gold as it comes out the bottom.

Mr RANDALL—If there is potential for you and your partner mine, Granets, and maybe others in the future, to lose possibly \$6 million because of a shutdown, do you have an objection to putting in some of the funds towards this \$23 million given that it is maybe in your best interests to put some private money towards seeing the upgrade of the road?

Mr Murray—It is not so much having an objection to it, it is a matter of aligning what people's responsibilities are. A mining company is there to explore, find, and produce gold for the good of the nation.

Mr McARTHUR—And for the good of the shareholders.

Mr Murray—And the shareholders.

Mr McARTHUR—I would have thought the shareholders are first and then we will get the other bits

later.

Mr Murray—The other bits are the important bits to us at the moment. To be able to explore effectively we need reasonable access to those areas and we do not see that as a mining company's responsibility in this case. Everything is negotiable, I guess. We took that mine over in 1995 when the leases were granted. We have spent a considerable amount of money outside on the road as it is, pumping the road out because the road is actually lower than the surrounding country. It turns into a river which then turns into a lake. You have to pump it out to get the road back so that the pressure of the water on the outside country is not going to push up through the road. Until you lift that road up above the surrounding country and make adequate draining in there, whether you leave it as dirt or whether you seal it is really immaterial. You are not going to get a great deal of progress until you upgrade those crossings and you lift the road up above the surrounding country.

Mr McARTHUR—Can I just add my thanks to you, the Kimberley Development Commission and the Halls Creek Shire Council for the very good tour today, the inspection and the discussion.

I want to raise a couple of matters. One is the causeway. If that was improved—the final bit of inspection we had—how much would that help? I make the observation that you do operate the goldmine disregarding the road infrastructure. You went there in the first place and I note that in extraordinary circumstances you were closed down for 30 days. But it was a known risk that the seasonal conditions would bring about these circumstances.

You did make some observations about the Aboriginal population who work on your mine. Could you help the committee with that in terms of access to the Aboriginal communities and their ability to work for your mining operation?

Mr Murray—There are a couple of points in that. We have an agreement with our traditional owners whose land we are mining on. The WA-Northern Territory border does not really have any significance to Aboriginal land areas. Our traditional owners come out of communities ranging from Balgo to Billiluna, up through Ringers Soak on Gordon Downs, back through Lajamanu, down to Yuendumu and back around the Lake Mackay area. They are drawn from the Walpiri people, who have five different language groups.

We have an agreement to employ Aboriginal people where they are seeking or wish to have employment in the mining industry. We actively do that. Out of the 200 people at one stage last year we had about 49 Aboriginal people working in the mining operation. That varies, of course, with seasonal conditions, exploration and also with traditional ceremony times ranging over the wet season months of the year. It fluctuates substantially, but the opportunity is always there for Aboriginal people to work there.

Reasonable access is by air most of the time—if you have got a good airstrip. By road—it is unreasonable to expect people to drive into and out of that place, and it unreasonable to expect us to repair the vehicles all the time of those people driving in and out. In one month in particular I worked out that, for tourists and Aboriginal community people going past the mine, we spent between \$1,000 and \$1,500, just helping people so that they had access past the mine.

Mr RANDALL—Repairing their vehicles?

Mr Murray—Repairing their vehicles. There are times of high road usage: when there are ceremonies on, when there is sorry business on—when there is a death in the family—and these communities travel around a lot to these things. We have no problems about assisting travellers going past. We do have a problem in that their cars are being destroyed by the road, essentially. It is also a big problem to us when we are carting dangerous goods such as cyanide, caustic soda, lime and large amounts of fuel in amongst all of these people on this road, where you have a very marginal, single access. In fact, the other night when I came up from Alice Springs, I followed a road train for an hour and a half at 40 to 60 kilometres an hour before he stopped and allowed me to get past, because it was too dangerous to pass him. If you have an impatient tourist or carload of people, somebody is going to be injured or killed, and it is not unusual for that to happen on these roads.

CHAIR—How long does it take you to drive from Alice Springs to the mine site?

Mr Murray—At a reasonably safe speed, you are looking at seven to eight hours. It has taken me as long as 11 to 12 hours depending on the weather, how many crossings I have to go over and things like that.

Mr McARTHUR—Can you give us a comment on the causeway which we inspected this morning? What would you do to that and for how much money?

Mr Murray—I do not know about money, but I can quote you a job that we did recently. We had to lift a little piece of road—about four kilometres—and that cost \$40,000. The funding of machinery, if you like, and cement—you are looking at an extraordinary cost for cement up here. Carting just the base materials for that is an extraordinary cost. For a grader, you are looking at between \$106 an hour to \$152 an hour, depending on the size of it. You are talking about mobilisation from Alice Springs for a road plant contractor to put his stuff outside our mine, and you are looking at something like \$30,000. If you have a \$50,000 funding allocation for a piece of road, you have eaten a lot of that up.

Mr McARTHUR—I was just interested in the physical features of how much you would lift that causeway, since that is the main block?

Mr RANDALL—What is the name of that causeway?

Mr Murray—The causeway which we flew over today is on the Tanami track near Billiluna, and it is called the Sturt Creek. The impediment to us at the mine with that road being closed is that we could cart fuel through from the Kimberley region the year round a lot cheaper than we can get it out of Adelaide via Alice Springs, or through Darwin via Alice Springs. We cart stemming from across here at roughly a third of the cost if we were to buy it out of Alice Springs. That stemming is used for consolidating our explosives so that we get a reasonably even blast—an economic blast—when we are breaking ground up to mine.

The Halls Creek Shire closes that road to anything over four tonnes between November and May because of the damage that can be done to the road due to its bad condition. If you look at \$15,000 an hour closure, we would be happy to pay the fine if the road had any integrity in it to move vehicles above that

gross mass weight across there. We are caught in a catch-22 situation. Yes, we did operate the mine there, and this is two years in a row that we have been knocked out due to weather conditions. We feel that we are taking a reasonable economic risk. We see that we definitely need assistance from the federal government. You can see even by the amount that we lost that our profit is not going to be enough to make a dent in that road. I believe that we are making a contribution to the nation in employment and the export of gold that would amply cover that over a long-term period.

Mr McARTHUR—I go back to my original comment about the feasibility of the mine. It was put in place with the road in its current condition. As other witnesses have said, the number of vehicles travelling on that road is fairly small although some of them are very critical vehicles. It is going to be hard for either the Western Australian government or the federal government to allocate funds for that in a priority listing.

Mr Murray—I would suggest that if you had your road counters at either end of the Tanami track—at Alice Springs and here—you would see that there are a substantial number of drilling rigs that come in and stay in there and operate. There are Toyota Landcruisers—all of those types of vehicles that are supporting the mining industry from within there. For example, road trains come up to the Tanami mine or to the Granets mine, unload their stuff there and then a myriad of vehicles come in and take that back out into regional fly camps and places like that. They are all using that track. There is a considerable amount of traffic that is not counted on that road.

Mr LINDSAY—Mr Murray, you heard Mr Williamson's evidence when I asked him about who should set priorities. Mr Williamson said that local knowledge was best and, therefore, it should be the state government. Do you agree with that or do you think the federal government should have a role?

Mr Murray—Everywhere around the place you see signs saying, 'This is a federal government road funding project'—

Mr PETER MORRIS—I haven't seen one.

Mr Murray—Haven't you?

Mr PETER MORRIS—Not in the Northern Territory or Queensland.

Mr Murray—The Northern Territory, due to its low population, is totally reliant on federal government funding in these areas. The Western Australian government, I believe, draws funding from the federal government for road funding. The positive way to look at this road is from a national point of view. If you take a look at your access through the Plenty Highway through the centre of Queensland across to Alice Springs and the Tanami track up into this area, you are going to get a positive response from tourism and a lot safer road structure. I believe it is a federal government responsibility and, by all means, if you have a state government it is their responsibility to raise the level of interest enough to get that road financed.

Mr McARTHUR—Would you put a sign up outside your mine, 'funded by the federal government'?

Mr Murray—I would definitely put that up if you fixed that road up. I will pay for the sign.

Mr LINDSAY—Mr Murray, in your written evidence you say that during the wet season 70 kilometres of the road can be under water. If a priority had to be established, would you prefer that priority to be more regular grading and maintenance of the road or would you prefer it to be in terms of better floodways to be constructed?

Mr Murray—There are several answers to your two questions. If you are going to grade a reasonable road further down, you are going to create a problem. The priority should be to build the road up, make your drainage accesses and re-establish all the bores down the Tanami track that were there. It is a waste of time dry grading roads if you are not going to put water on them to make it a reasonable surface to grade. You are going to grade the tops off the corrugations and put them in the bottom of the corrugations and several road trains later you are going to be back in your original position.

Mr LINDSAY—What I asked you was: would you do the grading first and the causeways later or the causeways first and then the grading?

Mr Murray—I think you have got to look at it from a greater funding outlook than that. If you are going to just piecemeal it—

Mr McARTHUR—You really cannot argue the greater funding position because everywhere this committee goes around Australia, everyone says there ought to be more funding. The thrust of the question is: which bits would you fix? What would your priority be on this track—the causeways or the grading?

Mr Murray—I cannot talk from experience as the Main Roads people would be able to do, but I would say that if you secure the crossings to a reasonable level then you are going to have to follow up by spending money on the roads to make them safer for the increase in traffic that you are going to get on them. I still think that with respect to the level of funding—if you look at it over a 20 or 30 year period—there needs to be a bulk amount of money thrown in initially to do a lot of work in the dry seasons to establish those roads properly.

Mr McDOUGALL—Mr Murray, you mentioned in your submission that you had put in your submission on behalf of Otter Gold Mines and other mines. I assume that they are all listed on page 3 of your submission where you have listed another six companies including your own. In 1996-97, you have a total group expenditure there of about \$35 million. Firstly, how long is your mine going to last; will that sort of expenditure remain at that sort of level and, if so, over what period?

Mr Murray—The Tanami area has developed due to better access through negotiation with Aboriginal people and I would suggest that it is going to increase rather than decrease over the next few years. The Granets Gold Mine, for example, down the road from us, has been going for nine years. They have no intention of mining some of their gold stocks for another 11 years—similar to the grams per tonne that we are mining at the moment. I would suggest that that area has got a good, healthy, long-term future.

Mr McDOUGALL—You just mentioned another company that is not listed in here.

Mr NEVILLE—Yes, it is. It is two paragraphs up from the list of—

Mr McDOUGALL—But it is not listed in this table showing the group expenditure for 1996-97 as \$35 million. There is a purpose for getting at the \$35 million. Is that more expenditure on top of the \$35 million?

Mr Murray—No.

Mr McDOUGALL—It is within there?

Mr Murray—We are talking about exploration companies' expenditure. We are not talking about actual costs of operating the mine. In 1995 it cost us between \$20 million and \$30 million to set that mine up.

Mr McDOUGALL—We won't worry about the detail of the figures because you have already started to expand the numbers. What I am getting at is that with all that the mining companies and exploration companies have expended, with the life that you see as being pretty rosy for the next 10 or 20 years, with the potential of more mining opportunities because of the growth that is going to happen in the area and recognising that a contribution that you are making to the area is a form of economic development and employment for the people, what other contributions in financial terms have these mining companies, including yourself, made to the general infrastructure of the region in which you operate, in real terms?

Mr Murray—I am a little bit lost as to what you mean by real terms?

Mr McDOUGALL—Developers are obviously coming into an area because they are going to make money. In the process of making money they may need infrastructure that is going to be far and beyond what the community would normally need to exist. As well as that, they are going to get great gains from that community. In the urban sector, in housing, commercial and industrial development, there is a system that operates where both the developer—in any of those three forms—makes a contribution in development costs to the infrastructure of the community.

You have indicated here today that you do not believe that the mining industry should be making any direct contribution because it is putting further gain into the community. What I am trying to get at—I think Mr McArthur has covered the point—is you are here because you have been successful in making money. You are putting an expectation on local authorities, the state government and the federal government for roads of a higher standard to be able to service your needs because of what you are going to run on them and beyond the community. You have said that you are not interested in paying contributions. You have had water supplies, you have needed sewerage systems. What community contributions have you made to help?

Mr Murray—As opposed to living in a town such as Halls Creek, our community is spread in a rather wide area. We pay royalties to those communities. Those communities spread that out amongst the traditional owners. We support sport and various things like that around the place. From the point of view as to whether we can put a football oval outside the mine for somebody to play on, no, we can't do that, but we can feed money into the communities for various projects within that community.

Mr McDOUGALL—So you see what I would call piecemeal support as being more important than

major infrastructure support?

Mr Murray—We can see where you are coming from with your industry contributions. In some parts of Western Australia, that I am aware of, those industry contributions have lent themselves towards that. We believe we are a responsible community member and any approaches to develop along those lines, we would listen to.

If you look at a duty of care arrangement with that road, one of the reasons that I am here is that we have to be very careful using that road with the dangerous goods that we have got. We have to make sure that our cartage contractors are quality assured and all of that sort of thing. If any of our traditional owners or anybody is injured or killed on that road that involves our equipment or reagents that we are bringing in and out of that place, we have a community responsibility there to make sure that we can give the absolute best assistance to getting that road in order and to maintaining a back-up emergency system if anything goes wrong on that road. We regularly treat people who have had motor vehicle accidents and other types of injuries on that road.

We do not see ourselves as isolated from the community and we are certainly endeavouring to be a part of that community. In fact, living in that central desert area, if you did not make yourself a part of that community, I don't know that you would have a good history there.

Mr McDOUGALL—Can I suggest though that if you had a processing plant in Sydney, Melbourne or Brisbane and you were to develop a piece of land to build that building, you would have to pay, up-front, a contribution towards the construction of the road and a contribution towards sewerage and water supply to be able to operate that building and that site within that area. I am suggesting to you: why shouldn't you do the same sort of thing when you are out here?

Mr Murray—I am suggesting to you that, in the middle of Sydney and Melbourne and places like that, you have a massive population that supports those things. What I am suggesting out here is that the contribution we would need to put in to economically benefit that road would break us.

Mr McDOUGALL—I am not suggesting you pay for it; but I am suggesting that, if you make a contribution or make an offer to make a contribution, the local authority, the state government and the federal government may be a little bit more interested in your demands.

Mr Murray—We are fortunate there; we do not have a local authority. But I take your point. I do not see that any particular case is isolated or that far away from being able to meet some sort of agreement. At present, apart from the last figures I heard—\$30 million to \$50 million to put the blacktop on the road between Tanami mine and Alice Springs where the sealed road begins—I do not know that our contribution would make a great deal along those lines. We have been contributing.

Mr McDOUGALL—But you would be prepared to be in discussions.

Mr Murray—It would be naive of us not to discuss it with you.

Mr PETER MORRIS—I would like to thank Mr Murray for the information he has provided us this morning, and Mr Jim Mahoney, too, from Main Roads. We have been very well treated. Mr Murray, I think what is driving my colleagues is that at Mount Isa there is a model for the kind of proposal they are talking about. Cannington has met the full cost of construction of a shire road, which is a local road—some \$13.1 million. They are making an annual contribution to the maintenance of that road. They constructed it. The council is responsible for maintenance. They are contributing to the maintenance.

But, having said that, in fairness to the fact that you are only one of a number, as I understand it there is an arrangement that other corporate users coming in will similarly make a contribution which will help to abate the contribution being made by the sole user. If Fred Murray was the instigator of some sort of a discussion around all of those things, you may find several other players might want to talk about it. What you find in these matters, particularly in situations like this, is that, if somebody is there among the users to give a bit of a lead and put a little bit of money up-front, it makes it very hard for governments not to come in and get behind it.

Mr Murray—A very good point.

Mr PETER MORRIS—State government and federal government.

Mr Murray—I accept your point. I also accept the fact that a lot of things need to be industry driven to get the initiative to develop. Today has given me the opportunity of networking with people that can perhaps assist in that matter. So thank you very much.

Mr PETER MORRIS—When the industry is putting the hand out, it is very hard for the government to say no.

CHAIR—Mr Murray, thank you very much for your attendance this afternoon and for your submission. It certainly has been one of the more interesting elements of the inquiry so far over the last three or four days in that we have come across four projects of a similar nature and, ironically, cost to the Tanami Road. There is a port access road in Townsville, an upgrade of a section of the Barkly Highway, the Cannington BHP road that has been done and now the Tanami Road here. You have not been Robinson Crusoe in the form of questioning that you have received this afternoon. All those other different parties received the same questioning, particularly along the lines of some participation in the underwriting of the upgrading of the road. So it certainly is food for thought.

But that has been the great benefit of what we have been doing with this federal parliamentary committee in getting out of the metropolitan areas. It is a long way from talking to a group of people that are arguing the pros and cons of a motorway that is going to carry hundreds of thousands of vehicles in a day to talking about roads that carry the capacities of vehicles that your roads in this area do but which are just as economically important as those roads in the metropolitan areas. That has been the benefit of the inquiry coming into these areas in regional Australia.

Resolved (on motion by Mr Lindsay):

That the committee accepts as evidence and authorises for publication the data from Main Roads entitled 'Summary of Permanent Count Station Data: Kimberley Region: Site 9502', as submission No. 742 to the federal road funding inquiry.

Resolved (on motion by Mr McDougall):

That the committee accepts as evidence the video entitled *Tanami: Strategic Road for the Nation* provided by the Kimberley Development Commission as exhibit No. 35.

CHAIR—I want to put on the record the committee's great appreciation to all those from the local area and the local community here involved in organising today for this committee. We really do appreciate it. We know it is very easy for us to fly into an area from another area and have the benefit of local experience and local knowledge immediately take us within a matter of hours to look at critical pieces of transport infrastructure in an area. It certainly made our job much easier. So, to Mike Wallwork and Jim Mahoney from WA Main Roads, to Josie Farrer and Bill Molloy from Halls Creek Shire, to Brad Williamson from the Kimberley Development Commission and to Fred at the table, thank you very much for your efforts in organising today. It certainly has been a great benefit to this inquiry and I am sure that you will be interested in seeing the outcomes when we finally table our report at the end of the year. So thank you very much for your efforts. I know it has not been easy. It is very difficult getting a group of politicians organised and going in the one direction for a fair amount of time, particularly federal politicians. We have managed to do it this week.

Resolved (on motion by Mr Peter Morris):

That the committee authorises the broadcasting of this public hearing and the publication of the evidence given before it today.

Committee adjourned at 3.22 p.m.